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TAGS: [EPET](#) [ELAB](#) [PGOV](#) [PTER](#) [KCRM](#) [NI](#)
SUBJECT: EXXONMOBIL ON WAGE INCREASES AMID DELTA VIOLENCE

Classified By: CDA TOM FUREY FOR REASON 1.4 a, b, and d

¶1. (C) On May 30, ExxonMobil Nigeria CEO, John Chaplin met with the Ambassador and told him that ExxonMobil was taking the recent rise in violent incidents in the Niger Delta and city of Port Harcourt very seriously. The company saw the two car bombs, in Port Harcourt and Warri, and the killing of an oil services executive in Port Harcourt as signs of a real deterioration in the security environment. Exxon Mobil has greatly increased physical security measures, but had little confidence in their security personnel. ExxonMobil is producing 850,000 Barrels per day, approaching half of Nigeria's current 2 million bpd production. Thus if militants decide to try to curb production further, ExxonMobil could be a target.

¶2. (C) On May 26, ExxonMobil agreed to a 27% wage increase for its staff. Chaplin said the company agreed under duress, including threats of violence and threats to shut down their production by employees, representatives. The Government of Nigeria recommended that the company agree to the demands. In the end about 93% of the cost of the wage increase would fall on the government. (Note: Oil company executives claim the GON captures about 85% of the value of oil profits.) ExxonMobil took the government's recommendation as a sign of the government's weakness in dealing with issues in the Delta.

¶3. (C) Chaplin said the Finance Minister and Solid Minerals Minister are hostile toward oil companies and have made little effort to understand the technical aspects of oil and gas production or the role of the oil companies in the economy.

¶4. (C) Comment: The wage agreement applies only to ExxonMobil, but it is expected that other companies will be forced to follow suit.
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